

## Message Text

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TO AMEMBASSY OTTAWA

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FOL RPT BUCHAREST 0540 ACTION SECSTATE 30 JAN QUOTE

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E.O. 11652: GDS

TAGS: ENRG, PFOR, TECH, RO

SUBJ: US-ROMANIAN NUCLEAR COOPERATION

REF: BUCHAREST 0103, HOYLE LETTER TO AMBASSADOR DECEMBER 29, 1975

1. SUMMARY: UNIFIED DECISION MAKING PROCESS LAID OUT IN DRAFT PAPER IS MOST APPROPRIATE RESPONSE TO GOR REQUEST. WE RECOMMEND FOR YOUR CONSIDERATION ALTERNATIVE APPROACHES TO TECHNOLOGY TRANSFER AND SAFEGUARD QUESTIONS. END SUMMARY

2. IN OUR CONSIDERATION OF MEMORANDUM PREPARED FOR NON-PROLIFERATION BACKSTOPPING COMMITTEE WE FOUND IT NECESSARY TO GO BEYOND DRAFT TEXT ITSELF TO REVIEW SIGNIFICANCE OF ROMANIAN REQUEST, OUR ASSUMPTIONS ABOUT ROMANIAN NUCLEAR OBJECTIVES, AND U.S. INTERESTS IN ASSISTING GOR IN THIS AREA. WE OUTLINE BELOW PRINCIPAL CONCLUSIONS WE REACHED IN BELIEF THAT IT WILL CLARIFY BOTH OUR COMMENTS ON PAPER ITSELF AND, IN ABBREVIATED

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FORM, OUR VIEWS REGARDING COOPERATION WITH ROMANIANS ON

NUCLEAR POWER GENERATION.

3. GOR'S REQUEST TO CANADIANS AND OURSELVES REFLECTS CEAUSESCU'S DECISION TO GO WEST FOR HIS NUCLEAR NEEDS. WE REGARD THIS DECISION AS ONE OF BIGGEST CEAUSESCU WILL MAKE IN THIS DECADE. IT IS A MAJOR REAFFIRMATION OF ROMANIA'S INTENTION TO INCREASE ITS INDEPENDENCE OF SOVIETS AND TO PROMOTE ROMANIAN INTERESTS IN THIRD WORLD.

4. WE PROCEED FROM THREE BASIC ASSUMPTIONS CONCERNING ROMANIA'S INTENTIONS IN THE NUCLEAR AREA--ASSUMPTIONS WE TRUST ARE SHARED BY WASHINGTON AGENCIES. TWO OF THESE REFLECT WHAT ROMANIANS HAVE SAID TO US. WE POSTULATE BUT CANNOT VERIFY A THIRD GOAL OF GOR POLICY. THESE GOALS ARE:

A. TO ACQUIRE TECHNOLOGY NECESSARY TO ENSURE INTERNAL MANUFACTURING CAPABILITY FOR ALL NUCLEAR POWER REQUIREMENTS. WE ASSUME PURCHASE OF TWO CANDU REACTORS IS SIMPLY NECESSARY PRECONDITION FOR ACQUISITION OF THAT TECHNOLOGY, AND WE BELIEVE GOR REGARDS PURCHASE DEPENDENT UPON AGREEMENT WITH AECL AND PRIVATE CANADIAN AND US SUPPLIERS TO TRANSFER ALL RELATED, OR AT LEAST NON-DUPPLICABLE, TECHNOLOGY WITH MINIMAL RESTRICTIONS.

B. TO DEVELOP EXPORT CAPABILITY IN FIELD OF NUCLEAR POWER GENERATION SYSTEMS. WE CONJECTURE THAT CAPACITY TO EXPORT NUCLEAR POWER GENERATION SYSTEMS WOULD HAVE SPECIAL STRATEGIC SIGNIFICANCE FOR GOR. THIS CAPABILITY WOULD SYMBOLIZE ROMANIA'S EMERGENCE AS DEVELOPED COUNTRY AND WOULD PROVIDE UNPARALLELED ECONOMIC AND POLITICAL TOOL WITH WHICH ROMANIA COULD PURSUE ITS INTERESTS IN THIRD WORLD, A SET OF RELATIONSHIPS GOR REGARDS AS CRUCIAL TO ADVANCE ITS INDEPENDENT POSITION. ASIDE FROM POLITICAL MOTIVE, ROMANIA SEEKS HERE, AS IN OTHER MAJOR AREAS OF ECONOMIC COOPERATION WITH WEST, MEANS TO RECOVER INITIAL FOREIGN CURRENCY OUTLAY.

C. TO PRESERVE AND STRENGTHEN OPTION OF PRODUCING NUCLEAR WEAPONS AT SOME UNFORESEEN POINT IN FUTURE. INDICATIONS OF THE GOR'S DESIRE TO HOLD OPEN POSSIBILITY OF NUCLEAR-WEAPONS OPTION DATE BACK TO SEPTEMBER 1974, WHEN THE RCP PARTY PROGRAM

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ASSERTED THAT "NO STATE" NEED REFRAIN FROM A-WEAPONS ACQUISITION IF NUCLEAR POWERS REFUSE TO SIGNIFICANTLY REDUCE WEAPONS STOCKS. THIS PHRASE WAS DROPPED IN FINAL PROGRAM, BUT REAPPEARED IN CEAUSESCU'S HELSINKI CSCE SPEECH AND AFTER. SEVERAL EMBASSY CONVERSATIONS WITH ROMANIAN DISARMAMENT EXPERTS HAVE BEEN SIMILARLY AMBIVALENT ABOUT OPTION. NCST PRESIDENT URSU KEEPS REPEATING ROMANIA WILL NEVER GO THIS REOUTE AND ONE EXPERT RECENTLY SAID, HOWEVER, THAT GOR WOULD ACCEPT

"MOST STRINGENT SAFEGUARDS CONCEIVABLE" IF NUCLEAR POWERS  
PLEDGED NON-A-BOMB USE AGAINST ROMANIA AND THE OTHER NON-NUCLEARS.

5. CONSIDERING THESE ROMANIAN OBJECTIVES, INCLUDING THE POSSIBILITY THAT GOR MAY LATER ELECT TO DEVELOP NUCLEAR WEAPON, WE STILL BELIEVE THAT OUR ASSISTANCE TO GOR'S NUCLEAR POWER PROGRAM WILL ON BALANCE STRONGLY PROMOTE OUR BILATERAL AND REGIONAL INTERESTS. ON MOST DIFFICULT PROLIFERATION QUESTION WE JUDGE FROM OUR ASSESSMENT OF ROMANIAN CAPABILITIES THAT, IF ROMANIA WERE TO OPT TO PRODUCE NUCLEAR WEAPON, IT CAN ACQUIRE NECESSARY KNOW-HOW AND MATERIEL OVER REASONABLY SHORT SPAN OF YEARS FROM WESTERN SUPPLIERS SUCH AS GERMANS, BRITISH, OR FRENCH, OR EVEN CHINESE. OUR CONVICTION IS THAT THE GREATER THE ROLE WE PLAY IN ROMANIA'S NUCLEAR PROGRAM, THE GREATER IS OUR PROSPECT OF CHANNELING ROMANIA'S NUCLEAR ASPIRATIONS INTO PEACEFUL APPLICATIONS AND OF GAINING GOR SUPPORT FOR OUR NUCLEAR INITIATIVES, SUCH AS REGIONAL RECYCLING CENTERS. IF WE WERE NOT ABLE TO FORESTALL INDEFINITELY ROMANIA'S DEVELOPMENT OF NUCLEAR WEAPON, OUR PARTICIPATION, IF SHREWDLY ORCHESTRATED, COULD AT LEAST SUBSTANTIALLY DELAY THAT EVENT. ECONOMICALLY, GOR'S PURCHASES FROM CANADIAN AND US SUPPLIERS COULD WELL CONSTITUTE LARGEST SINGLE ROMANIAN TRADE AND ECONOMIC LINK WITH WEST FOR COMING DECADE. GIVEN MAGNITUDE OF CAPITAL OUTLAY, OUR EXPORTS OF GOODS AND TECHNOLOGY TO ROMANIA WOULD GROW APPRECIABLY.

6. WITH THESE CONSIDERABLE BENEFITS TO BE GAINED WE WOULD ARGUE THAT WE SHOULD PROVIDE EQUIPMENT AND TECHNOLOGY TO ROMANIA UNDER CONDITIONS NO MORE RIGOROUS NOR RESTRICTIVE THAN WE APPLY TO OTHER NON-NUCLEAR WEAPON STATES, IN OTHER WORDS THAT WE DO NOT DISCRIMINATE AGAINST ROMANIA. IN FACT, GIVEN ANTICIPATED RETURNS AND CEAUSESCU ADAMENT STAND ON SAFEGUARDS, APPROACH TO WHICH WE HAVE OUTLINED BELOW, WE BELIEVE THAT CASE COULD BE MADE TO PROVIDE ROMANIA WITH EQUIPMENT AND TECHNOLOGY ON BASIS OF  
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NPT SAFEGUARDS ALONE. WE RECOGNIZE, HOWEVER, THAT GROWING ADMINISTRATION CONCERNS AND CONGRESSIONAL PRESSURES MAY COMPEL IMPOSITION OF SAFEGUARDS BEYOND THOSE REQUIRED BY NPT.

7. PROCEEDING FROM ASSUMPTIONS ABOUT GOR OBJECTIVES AND FROM OUR CONCEPTION OF USG INTERESTS, WE VIEW SPECIAL HANDLING PACKAGE LAID OUT IN PAPER TO BE RESPONSIVE TO GOR REQUEST AND OUR PERCEIVED NEED FOR COMPREHENSIVE, AB INITIO USG APPROVAL OF GOR'S ENUMERATED EQUIPMENT AND TECHNOLOGY REQUIREMENTS. WE ARE APPRECIATIVE OF EFFORTS TO CONSTRUCT THIS INDIVIDUALLY TAILORED APPROACH WHICH WE DEEM VITAL TO DEVELOPMENT OF BILATERAL COOPERATION AGREED UPON BY PRESIDENTS FORD AND CEAUSESCU IN AUGUST.

8. WITHIN THIS FRAMEWORK WE WOULD URGE SOMEWHAT DIFFERENT

APPROACHES THAN THAT OF DRAFT PAPER TO TWO QUESTIONS: (1) TRANSFER OF CANDU COMPONENT MANUFACTURING TECHNOLOGY AND HEAVY WATER PRODUCTION TECHNOLOGY AND (2) HANDLING OF US SAFEGUARD REQUIREMENTS.

A. HEAVY WATER AND CANDU COMPONENT TECHNOLOGY TRANSFER  
WE BELIEVE DEFERRAL OF DECISION TO AUTHORIZE TRANSFER OF US HEAVY WATER PRODUCTION AND CANDU COMPONENT MANUFACTURING TECHNOLOGY WOULD BE PARLOUS COURSE. GOR HAS MADE CLEAR TO US THAT IT WISHES TECHNOLOGY AS WELL AS HARDWARE (BUCHAREST 4763, PARA 2, 75 BUCHAREST 3660, PARA 4) FOR BOTH DOMESTIC REQUIREMENTS AND FOR EXPORT. ONLY WAY WE COULD ENVISAGE GOR ACCEPTING TWO-STATE APPROVAL PROCESS WOULD BE ON BASIS OF HIGHEST-LEVEL ASSURANCES, FROM WHICH WE COULD NOT BACK AWAY WITHOUT SERIOUS DAMAGE TO OUR BILATERAL RELATIONS. IF FOR OVERRIDING POLICY REASONS WE ARE NONETHELESS UNABLE TO MOVE AHEAD NOW ON TECHNOLOGY TRANSFER, WE MUST BE CANDID WITH GOR IN SPELLING OUT TIMING AND PROBABLE CHARACTER OF OUR DECISION SO AS TO MINIMIZE DANGER OF MISUNDERSTANDING AND LATER RECRIMINATIONS. RELATEDLY, WHENEVER AND IN WHATEVER FORM WE CONVEY OUR POLICY ON TECHNOLOGY TRANSFER, WE HAVE TO UNDERTAKE CONSIDERABLE EDUCATIONAL CAMPAIGN WITH GOR TO DISTINGUISH BETWEEN USG BLESSING AND AUTONOMOUS LICENSING JUDGMENTS OF US FIRMS.

B. SAFEGUARDS.  
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WE BELIEVE IT EQUALLY VITAL TO BE CANDID AND DIRECT WITH GOR REGARDING OUR SAFEGUARD REQUIREMENTS FOR TWO REASONS. IN FIRST PLACE, WE DO NOT BELIEVE IT WILL BE POSSIBLE TO HAVE GOC/GOR BILATERAL ALONE BEAR THIS BURDEN, AS DRAFT PAPER SEEMS TO SUGGEST. RECENT EXAMPLE OF STATEMENT REQUESTED BY ERDA IN CONNECTION WITH GENERAL ATOMIC APPLICATION FOR EXIM FINANCING OF HOT CELL EXPORT, THOUGH DISTINCT FROM CANDU QUESTION, ILLUSTRATES NEED FOR USG TO ARTICULATE PRECISELY OUR INDEPENDENT, ADDITIONAL SAFEGUARD REQUIREMENTS WHICH WILL INEVITABLY SURFACE IN EXPORT CONTROL AND PART 810 AUTHORIZATIONS. SECONDLY, AND MORE IMPORTANTLY, PRESIDENT CEAUSESCU'S REFUSAL -- MENTIONED TO DR. STEVER AND SINCE REPEATED TO US BY NCST PRESIDENT URSU AND OTHERS -- SO FAR TO ACCEPT WHAT HE CONSIDERS DISCRIMINATORY SAFEGUARDS BEYOND THOSE IN NPT, REQUIRES THAT WE SPELL OUT OUR REQUIREMENTS FROM OUTSET. WE MUST AVOID AT ALL COSTS SITUATION IN WHICH WE APPROVE GOR REQUEST ONLY TO NEGATE THIS THROUGH LATER ADMINISTRATIVE ACTION.

9. WE WOULD WELCOME COMMENT ON ABOVE POINTS.  
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## Message Attributes

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